

*The issue raised under the OECD Guidelines for Multinational Enterprises by the FNV and CNV (Dutch labour unions) about the activities of IHC CALAND as a contractpartner of a large offshore project in Burma has led to the following joint statement.*

**JOINT STATEMENT BY THE NCP, FNV, CNV and IHC CALAND  
July 2004**

The Netherlands National Contact Point (NCP)<sup>1</sup> for the OECD Guidelines for Multinational Enterprises (the Guidelines), FNV, CNV and IHC CALAND have reached an agreement on the issue raised by FNV and CNV about the activities of IHC CALAND as a contractpartner of a large offshore project in Burma and the implementation of the OECD-Guidelines.

According to FNV and CNV the activities of IHC CALAND in Burma would not comply with the General Policies Chapter of the guidelines and would not contribute to the elimination of all forms of compulsory labour as recommended in Chapter IV (Employment and Industrial Relations). FNV and CNV based their submission on the ILO resolution of June 2000 on Burma and authoritative reports of human rights abuses in Burma. From their point of view, companies that have activities in Burma would contribute to keep the junta-regime and its oppressive way to work with forced labour in place. This would not be in line with the labour chapter of the OECD-guidelines<sup>2</sup>. When the issue was raised, IHC CALAND was active as a subcontractor for Premier Oil Myanmar (an affiliate of Premier Oil UK) in an offshore project in the territorial waters of Burma. FNV and CNV asked the Dutch National Contact Point to see whether IHC CALAND's behaviour in this specific instance was in accordance with the Guidelines. By raising this specific instance at the NCP, FNV and CNV intended to establish a constructive dialogue with IHC CALAND.

The National Contact Point first invited both parties individually to clarify their points of view and subsequently organised a tripartite meeting for an open dialogue. Agreement between FNV, CNV and IHC CALAND was reached on the following points:

- The OECD-guidelines are not an instrument of economic sanctions.
- It is for governments to impose an economic sanction on a country or not.

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<sup>1</sup> The NCP is the government body that promotes the effectiveness of the Guidelines, i.e. a set of recommendations by governments to multinational enterprises to operate in socially responsible manner.

<sup>2</sup> Detailed information of the specific issue raised by the FNV and CNV can be found in the background document.

- Companies decide themselves how to implement the OECD-guidelines when they are active in a country.
- Taking into account the contractual obligations of IHC CALAND in the project and the relevant text of the OECD-guidelines, FNV and CNV accept that a withdrawal from the project is not an option for IHC CALAND.
- With regard to the implementation of the guidelines, IHC CALAND could take a more active role and strengthen external communication addressing the human rights situation in Burma.

FNV, CNV and IHC CALAND agreed to meet again, amongst themselves. During this meeting parties looked for activities that would strengthen the external communication of IHC CALAND regarding the human rights situation in Burma. The following next-steps would be explored by IHC CALAND:

- IHC CALAND would ask their main contractor, Premier Oil Myanmar, to participate in common activities to address the human rights issues with the regime of Burma;
- IHC CALAND would look for actions on its own, in case the main contractor does not want to co-operate with IHC CALAND to raise awareness about the political situation in Burma.

IHC CALAND did follow up on this agreement:<sup>3</sup>

- After being encouraged by the Dutch Minister of Foreign Trade IHC CALAND announced in April 2002 that it would not undertake any new activities in Burma.
- On June 11th, 2003 IHC CALAND and FNV (representing also CNV) visited the Burmese ambassador in London. Reason for the delay in the activities was the fact that in September 2002 the main contractor, Premier Oil, announced that it would sell its subsidiary Premier Oil Myanmar to the Malaysian company Petronas. It would make sense for IHC CALAND to talk with the new main contractor about common activities towards the regime after the sale would have been concluded.
- Due to the lack of progress to conclude the transaction between Premier Oil and Petronas, IHC CALAND decided to visit the Burmese ambassador without the main contractor.
- The contract between Premier Oil and Petronas was concluded on September, 12th 2003. On 7 November 2003 IHC CALAND has written Petronas a letter requesting the company to abide by the OECD-Guidelines. Petronas replied as followed: "On 12<sup>th</sup> November 2003 the subsidiary of Petronas called PC Myanmar (Hong Kong) (which was named Premier Oil Myanmar before the takeover by Petronas) replied that it would be continuing with the majority of policies established by Premier Oil for their operation in Myanmar and that

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<sup>3</sup> More detailed information is given in the background document

their human resources strategy and policy regard to the above captioned would reflect this understanding”.

- Parties agreed to inform each other about future action with regard to Burma issues related to this specific instance.
- Parties will decide in a year from now on a future meeting to discuss follow up given to this point.

July 2003, parties involved asked the NCP to conclude the specific instance. The NCP took notice of the agreement between the parties involved about the actions taken by IHC CALAND. It also noted that FNV and CNV considered that IHC CALAND's decision not to engage in new activities in Burma as well as the points agreed between them and the company, has brought IHC CALAND sufficiently in line with the recommendations of the OECD-guidelines. The agreement made it possible for the NCP to formulate this joint statement. All parties welcomed the opportunity that the NCP had given for a constructive dialogue.